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DEPARTMENT FOR S/CT

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TAGS: [PTER](#) [ECON](#) [PREL](#) [TU](#) [IZ](#)  
SUBJECT: COMBATTING PKK VIA STOPPING MONEY FLOWS

Classified By: Deputy Political-Military Counselor Karen Sasahara for reasons 1.4 (b) and (d)

11. (S) An analyst from the Iraq Threat Finance Cell (ITFC) visited the Kurdistan Regional Government (KRG) last month to see if there were any immediate steps we could encourage the KRG to take against PKK/KGK financing in the wake of the Turkey-PKK/KGK crisis, assisted by RRT Erbil. An S/CT-led preliminary assessment team will visit Erbil December 8-14 to take a deeper look and help refine future courses of action. This cable details a preliminary assessment from the ITFC and thoughts on training and intelligence gaps.

12. (S) The PKK/KGK is supported by financial flows from Europe, Turkey, and the U.S. into both Turkey and northern Iraq. The PKK/KGK purchased many weapons right after Saddam's downfall in 2003, and continues to procure them from a variety of sources. The KRG points to corrupt officers in the Turkish Army itself as sources. There are intelligence gaps regarding where the PKK/KGK is spending its money (outside and inside Iraq). The KRG has sources inside the PKK/KGK. The KRG has information about terrorist organizations that they have not shared as of yet.

13. (S) Money-changers (hawala-like networks) and cash couriers are the primary conduits for the movement of currency. The banking sector would like to take advantage of stricter regulation of the money-changers to gain entry into the market. The KRG claim that there are no PKK/KGK-owned bank accounts in the KRG. Bank accounts are held by some businesses, but few individuals. The daily turnover of currency through money-changers is estimated by bank executives to be \$20 million per day. KRG officials claim that there is a KRG law enforcement presence at money-changing locations. While money-changers must be registered, their transactions are not. There are hundreds of money-changers operating in defined locations.

14. (S) The legal framework to counter money-laundering in Iraq relies on Coalition Provisional Authority Order 93, as there are no relevant GOI or KRG laws. KRG law enforcement officials indicated that they have not frozen or seized any assets as part of their counter-terror effort, as they have not received any direction from judicial authorities to do so, a necessary precedent in their system. Seizure of assets is only possible after a conviction. The Central Bank of Iraq (CBI) branch in Erbil does not appear to receive extensive oversight from CBI Baghdad, although currency does move between the two.

15. (S) The KRG is critically short of training in intelligence, law enforcement, border control, and customs enforcement. The KRG would welcome assistance in these areas as well as logistical and intelligence support which they could use against the PKK/KGK and other terrorist groups.

16. (S) The visit of the S/CT assessment team will provide an

excellent opportunity to begin filling in the following intelligence gaps:

--For what purposes do the PKK/KGK use their money inside Iraq?

--Where does PKK/KGK money flow to once inside Iraq?

--How can we collect information on this flow?

--What training/equipment/assistance would be most useful to KRG and GOI officials in assessing/interdicting this flow?

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